

WELCOME

Thank you Amjad. A warm welcome to you Honourable Minister Colm Imbert, to our panellists Mr. Wade George and Mr Joel 'Monty' Pemberton, members, guests, and media - both present and joining us remotely.

I wish to commend the Minister of Finance on a budget that speaks clearly to, and, is in strong support of the manufacturing sector. The 2021 National Budget has been responsive to many of TTMA's recommendations for economic recovery, and increased export market share.

Our Strategy

Our stated aim when we launched our export strategy in June remains – “To double 2018 non-energy exports of \$3.6B, by 2025.”

The developments of the past six months **have** resulted in the decline of exports for 2020. And **in** response, we have made adjustments and implemented a phased approach to sector transformation, and, to increasing our contribution to government revenues. They are

1. to **stabilize** the domestic market
2. to **strengthen** our capacity
3. to **secure** future export potential.

The Minister has shared that the Budget is directed towards **enabling the Manufacturing Sector to be the catalyst for transformation in economic diversity and will support the sector in its quest to double output by 2024, expand employment and exceed its current contribution to GDP of 19%.**

We are pleased that several of the proposals presented are supportive of our strategy. Our submissions focused on:

- A. **Improved liquidity** via VAT Refunds and increased capital access
- B. **Forex** prioritized and allocated to manufacturers
- C. Elimination of bureaucracy that impair the **ease of doing business**
- D. Improvements to facilities **and infrastructure**
- E. **Labour Law Reform** and
- F. Tangible commitment to **trade facilitation.**

The 2021 Budget has been, in large measure, responsive to the TTMA's recommendations

Liquidity

A. The budget's focus on SME's is particularly encouraging. SMEs account for 87% of the 1014 manufacturers and collectively, 60% of exports. We see SME growth, and increased entrepreneurs, as the **key** to domestic stability and future export growth.

But, they are our most vulnerable in this current economic climate. Without the cash flow to sustain them in this contracted trading space, resulting from the pandemic, they will rely on capital options such as **the SME Loan facility**. The announced **enhancement** of the Junior Stock exchange with a 5-year tax exemption and a 50% reduction in the tax rate for the following five years incentivizes new capital options, for SMEs with annual revenue between 5 to 50M.

We are reliant on our medium and larger businesses to recover the export decline. The top 20 exporters account for 80% of the exports. **Being globally competitive is key.**

The payment of VAT Refunds through the \$3B bond has alleviated years of added cash flow pressure. The commitment to reutilize the VAT bond instrument, to continue clearing outstanding VAT refund, is acceptable. However, the commitment to **regularize** the system to repay VAT efficiently is one that the TTMA will hold on to as critical.

Forex

B. Recapitalizing EXIMBANK is a tried and proven system. The 2018 \$100M USD facility, **for manufacturers**, delivered a cumulative increase of 15% in exports for the 70 businesses that accessed the facility. The Eximbank has been responding well to the manufacturing sector's FX needs - which is still in excess demand.

The prioritization of increasing domestic food supply to improve food security and reduce the import bill of \$4B is welcomed. This will not only increase local procurement but also increase **access** to Foreign Exchange. Increasing FX

availability will affirm the thrust towards diversification, and we see this as a statement of support for growth and expansion of non-energy export and manufacturing.

Infrastructure

A. The legacy Industrial Parks are **home** to most of the 1,000 manufacturers and it is where **foreign direct investors** will look to, to put their multimillion-dollar operations. The Minister has called on Etek to be a **facilitator** for infrastructural capacity and outfit these legacy parks to support Niche products. We are thankful that the infrastructural upgrades needed has been moved to the front burner and look forward to this being given priority.

B. The Minister has endorsed the TTMA's recommendation to establish a new **National Special Economic Zone Regime** with the aim of attracting new investments.

Labour Law

C. **We** as manufacturers, need to **invest** in retraining staff that are work-ready for the technology era. It is important that

we partner with the **National Vocational Training Strategy** and the planned **National Apprenticeship Programme**. In so doing we are recognizing the quality and **relevance** of skills to our industry that is heavily reliant on continuous innovation and **new technologies**. Productivity and increasing manufacturing capacity must be prioritized in **both** public and private sector.

Trade Facilitation

D. There are some **big** ideas contained in the budget to enhance trade facilitation and we are keen to see these **executed**. Of particular importance are the **import substitution** opportunities, facilitation of **regional value chains** through production integration within CARICOM and **tackling illicit trade**. The latter we believe must be addressed through changes to legislation and **enforcement of existing laws**. We have set up a working task force with the TTPS on this and we are making progress.

E. **Free Trade Agreements** in new territories such as Dominican Republic, Costa Rica and Panama must be better

leveraged and tracked to meet targets for increased exports.

Ease of Doing Business

F. The TTMA has pushed aggressively on the **Digitisation 4.0 agenda**. Modernisation of the public and private sector, through widespread deployment of technology, is now mandatory. Despite the negative economic impacts of Covid, it has also ushered in the digital 4.0 foundation for us - **and that will be the real win for us!**

Digitisation is the **only way** we will stay in step with global developments and be positioned to effectively respond to disruptive forces.

The budget recognises these public sector impediments as bottlenecks which negatively impact productivity and global competitiveness. The decision to implement **The Single Electronic Window, Develop TT Automated Construction System,**

an **Electronic Funds Transfer Framework** and **Voluntary Compliance Program** are the type of investments both local and foreign direct investors are looking for, as is the initiative to restructure the Customs and Excise Division. Execution and monitoring is now the focus.

Certainly, the promise of fiscal and other incentives to increase the deployment of technology **in manufacturing**, is going to aid in financing the investment needed by private sector.

Close

Minister, like you, the TTMA believes that the manufacturing sector is key to the **survival of the domestic economy**. Our economic reality is sobering. Your challenge Minister is not very different to ours. **I believe everyone must learn to do more with less.**

We at the TTMA are keen to do our part as we progress our strategy and urge meaningful and continued collaboration by government with **all chambers of business** and labour, as we

continue, to work with government, to recalibrate, and improve the competitiveness of **brand T&T!**